In order to contain NPAs, the DFIs have evolved close monitoring mechanism for monitoring the performance of assisted units to improve recovery and initiate timely remedial action. Liabilities of assisted units which are facing difficulties but viable are restructured. The DFIs enforce security in respect of units whose long-term viability is in doubt and the company/promoters are reluctant for One-Time Settlement (OTS)/Negotiated Settlement (NS). In respect of assisted units, which have lost their long-term viability, the DFIs adopt an aggressive approach aimed at out-of-court settlements, enforcing collateral. The accent is on time value of recovery and pragmatic approach towards settlements. With a view to improving the asset quality, credit appraisal and delivery systems have been further strengthened.

World Bank loan for poverty reduction programmes

2534. DR. Y. LAKSHMI PRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank recently approved loans to support poverty reduction programmes; and

(b) if so, the details thereof and in what manner the loans would be utilised?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Poverty reduction is one of the primary objectives of all World Bank assistance to India. In the last one year, however, specific projects which seek to directly attack poverty have been taken up. These are the District Poverty Initiatives Projects in the States of Andhra Pradesh, Rajasthan and Madhya Pradesh. These projects seek to improve opportunities for the rural poor to meet priority social and economic needs through community driven participatory approaches and demand based investment decisions. The total assistance for these projects amounts to USD 321.6 million (equivalent to approx. Rs. 1500 crores).

(b) The loan will be utilised for social, economic and infrastructural activities including group based income generating activities, small infrastructure investments; including access to public services and improving skills and organisation. The projects also have a human resource development component under which capacity building of community based Common Interest Groups and other local institutions would be taken up.